

Message Text

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6053

INFO AMEMBASSY JAKARTA

C O N F I D E N T I A L BANGKOK 26803

E.O. 11652: GDS

TAGS: PFOR, TH

SUBJ: US RICE SALES IN USUAL THAI MARKETS

1. DURING A MEETING WITH THE AMBASSADOR ON DECEMBER 24, FOREIGN MINISTER CHATCHAI CHUNHAWAN EXPRESSED SERIOUS CONCERN THAT U.S. RICE EXPORTS DURING THE COMING YEAR WOULD CREATE SEVERE ECONOMIC PROBLEMS FOR THAILAND. CHATCHAI SAID HE HAD LEARNED THAT THE U.S. WOULD BE IN A POSITION TO EXPORT THREE MILLION TONS OF RICE THIS COMING YEAR. HE VERY MUCH HOPED WE WOULD HANDLE THIS IN A WAY WHICH DID NOT INTERFERE WITH THAILAND'S USUAL MARKETS AND THAT WE WOULD KEEP THE RTG CLOSELY INFORMED REGARDING OUR INTENTIONS.

2. THE AMBASSADOR SAID THIS MATTER HAD BEEN DISCUSSED BY THE FOREIGN MINISTER WITH ASSISTANT SECRETARY HABIB DURING HIS RECENT VISIT TO BANGKOK. HABIB HAD PROMISED THAT WE WOULD KEEP THE RTG INFORMED SO IT WOULD NOT BE SURPRISED REGARDING U.S. RICE EXPORTS. WE INTENDED TO KEEP THAT PLEDGE, BUT WE COULD NOT PROMISE MORE AT THIS TIME.

3. THE AMBASSADOR TOOK THIS OCCASION TO SET THE RECORD STRAIGHT REGARDING U.S. RICE SALES TO SINGAPORE AND HONG KONG. (THE DECEMBER 21 BANGKOK POST QUOTED MFA ECONOMIC DEPARTMENT CHIEF ASA SARASIN THAT THE U.S. PLANNED TO "DUMP" RICE IN SINGAPORE
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AND HONG KONG. ASA SUBSEQUENTLY TOLD THE DCM HE HAD BEEN

MISQUOTED.) THE AMBASSADOR NOTED THAT OUR RICE SALES TO THESE TWO AREAS WERE EXTREMELY SMALL, THAT WE WERE NOT COMPETITIVE BECAUSE OF OUR SHIPPING COSTS AND THAT THE PRC WAS THE BIG SUPPLIER. CHATCHAI EXPRESSED HIS APPRECIATION FOR THIS CLARIFICATION.

4. MFA UNDER SECRETARY ANAN, WHO RECENTLY RETURNED FROM HIS POST AS AMBASSADOR IN WASHINGTON, SAID THE RTG WAS GREATLY CONCERNED BY INFORMATION IT HAD RECEIVED THAT WE WERE INVITING INDONESIAN GENERAL ARAFIN OF BULOG TO WASHINGTON. THE THAI WERE CURRENTLY NEGOTIATING WITH BULOG FOR THE SALE OF 50,000 TONS OF RICE. ANAN ASKED THAT THE U.S. NOT INTERFERE WITH THIS SALE. HE NOTED THAT DISPOSITION OF U.S. RICE UNDER PL-480 HAD NOT BEE A SERIOUS PROBLEM DURING THE PAST SEVERAL YEARS BUT THAT, CONSIDERING THE EXCELLENT U.S. CROP THIS YEAR AND THE ABSENCE OF MARKETS FOR PL-480 RICE IN INDOCHINA, THAILAND WAS GREATLY CONCERNED ABOUT U.S. INTERFERENCE WITH THEIR RICE SALES OVER THE NEXT THREE OR FOUR YEARS. ANAN, WITH CHATCHAI'S ENDORSEMENT, SAID HE VERY MUCH HOPED WE WOULD KEEP THAILAND IN MINDIN WORKING OUT SALES ARRANGEMENTS FOR OUR RICE. SERIOUS INTERFERENCE WITH THAI MARKETING COULD CREATE MAJOR SECURITY PROBLEMS. THAILAND NEEDED TO SELL AT A CERTAIN MINIMUM PRICE TO INSURE ADEQUATE RETURN OT THE FARMERS AND OBTAIN FOREIGN EXCHANGE FOR URGENT PURCHASES. AMBASSADOR WHITEHOUSE REITERATED THAT WE WOULD KEEP THE RTG SITUATION IN MIND AND WOULD CONSULT WITH THE RTG.

5. WOULD APPRECIATE ANY AVAILABLE INFORMATION ON GENERAL ARAFIN'S TRIP TO WASHINGTON AND REPORTED THAI-INDONESIAN NEGOTIATIONS.
WHITEHOUSE

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